

The Financial Times of Indiana

News from the Office of Governor Frank O'Bannon

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An Open Letter to the Indiana General Assembly from Governor Frank O'Bannon

May 14, 2002

Dear Legislators,

As you know, the fiscal conditions of the state have continued to decline. That is why I have called you all back to complete the unfinished work of the regular session.

For the last several months, we have planned, discussed, debated, revised, altered and amended, and still have not found the perfect plan to satisfy everyone. Our goal, however, has never been to be perfect, but to do what is most responsible, fairest, and best for everyone in the state of Indiana.

The recession requires us to make more budget cuts in the near future. When that occurs, please remember that, without action to fund the budget, even *more* painful cuts will have to be inflicted on those who most need our help.

The need for tax restructuring and a solution to our budget deficit have received unprecedented support. Leaders from all sectors of communities in Indiana that come together to discuss education policy have come together again in the form of the Alliance for Indiana's Future. This group, along with Mayors and agricultural officials, has been vocal across the state discussing the urgent need for a solution. They, too, know what is best for Indiana.

I commend the hard-working members of the General Assembly who have offered plans of their own – they are provoking discussion and continuing debate toward a solution to protect homeowners and education, and to create jobs for an ever-changing state and global economy.

I ask you today to give me your personal commitment to help stop the slide this recession has put us in. This is going to take compromise. This is going to take hard work, and this is going to take our leadership – without the partisanship.

Hoosiers need a solution, and they need it now.

Sincerely,



The Message Started Last Year...

"I don't believe there's anything more important to the stability of neighborhoods than home ownership.... We believe because of the urgency of this situation we have to do something very quickly.... We have to get it done.... I don't think anyone thinks it's a good idea to just let this (property tax increases) happen."

Lt. Governor Joe Kernan, Kokomo Tribune, September 1, 2001

"Together we can ensure that our downtowns don't deteriorate and that our citizens aren't forced out of their homes – two things that are sure to happen as a result of the court (State Tax Court ruling on reassessment) ruling if we don't act quickly."

Lt. Governor Joe Kernan at the announcement of the 21st Century Tax Plan, October 18, 2001

"We will not grow our way out of this dilemma, and we cannot cut our way out without threatening the very heart of state services – our schools, our safety, our health. Solving our budget and tax structure problems will require vision. It will require courage. . . .And it will require leadership...."

Governor Frank O'Bannon testifying at the Evansville hearing of the House Ways and Means Committee November 26, 2001

"We must take action now because local governments and schools will set their budgets later this year and Hoosiers will receive new property tax bills based on those budgets before lawmakers can act next year." *Governor O'Bannon in his State of the State Address January 15, 2002*

What Others Are Saying

"Victory would simply be doing what is right for the taxpayers -- the people who elected them -- instead of continuing the mock battle of politics that led to a stalemate in their regular legislative session....If anything, the state's beleaguered finances have gotten even worse since lawmakers went home March 14....Never before has Indiana had two straight years of declining tax revenue, but that's what has happened -- thanks to the worst recession in two decades."

Terre Haute Tribune-Star Editorial, May 14, 2002

"No lawmaker should return Tuesday with the attitude that nothing needs to be done. If their constituents aren't calling for action, it's only because they've yet to feel the effects of the problem. They will."

Ft. Wayne Journal-Gazette Editorial, May 13, 2002

Setting the Record Straight

The cornerstone of Governor O'Bannon and Lieutenant Governor Kernan's plan to restructure taxes is a property tax **CUT** aimed at protecting homeowners from huge increases that will result from court-ordered reassessment. To make up the revenue from that **CUT**, they propose modest increases in income and sales taxes – taxes that are fairer to Hoosiers. **ALL** of the new revenue generated would be used to compensate for the property tax **CUT** – it **WILL NOT** be used to address the revenue shortfalls caused by the recession. The Governor proposes to address the budget shortfall by cutting state spending and by small increases in the cigarette tax and gaming taxes.